WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011

WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Wadsworth City School District
Medina County
360 College Street
Wadsworth, Ohio 44281

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wadsworth City School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wadsworth City School District, Medina County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As further described in Note 3 to the basic financial statements, the District restated its July 1, 2010 governmental funds' fund balances due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

Federal Awards Receipts and Expenditure Schedule

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditure Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dave Yost

Dave Yost
Auditor of State

January 6, 2012

WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
Unaudited

The management's discussion and analysis of the Wadsworth City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- In total, net assets of governmental activities increased $928,787 which represents a 1.12% increase from 2010.

- General revenues accounted for $40,308,432 in revenue or 80.58% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $9,716,565 or 19.42% of total revenues of $50,024,997.

- The District had $49,096,210 in expenses related to governmental activities; only $9,716,565 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $40,308,432 were adequate to provide for these programs.

- The District's major funds are the general fund, the debt service fund, the building fund, and the classroom facilities fund. The general fund had $35,686,323 in revenues and other financing sources and $37,461,625 in expenditures. During fiscal year 2011, the general fund's fund balance decreased $1,775,302 from a restated balance of $6,319,763 to a balance of $4,544,461.

- The debt service fund had $37,592,803 in revenues and other financing sources and $36,500,066 in expenditures. During fiscal year 2011, the debt service fund's fund balance increased $1,092,737 from a balance of $3,944,580 to a balance of $5,037,317.

- The building fund had $377,733 in revenues and $8,327,789 in expenditures. During fiscal year 2011, the building fund's fund balance decreased $7,950,056 from a balance of $27,232,714 to a balance of $19,282,658.

- The classroom facilities fund had $17,189,143 in revenues and $20,535,038 in expenditures. During fiscal year 2011, the classroom facilities fund's fund balance decreased $3,345,895 from a balance of $79,654,507 to a balance of $76,308,612.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, the debt service fund, the building fund, and the classroom facilities fund are the only major funds.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include all non-fiduciary assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 15-16 of this report.

Reporting the District's Most Significant Fund

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 9. Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major funds are the general fund, debt service fund, building fund and classroom facilities fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 18-25 of this report.

Proprietary Funds

The District maintained one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounted for a self-insurance program for medical and dental benefits, however, the District was no longer self-insured effective July 2010 so a residual equity transfer from the internal service fund to the general fund was made in fiscal year 2011. The basic proprietary fund financial statements can be found on pages 26-27 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for student activities and the Four Cities Educational Compact. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary assets and liabilities on page 28. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-68 of this report.

The District as a Whole

The statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2011 compared to fiscal year 2010.

Net Assets

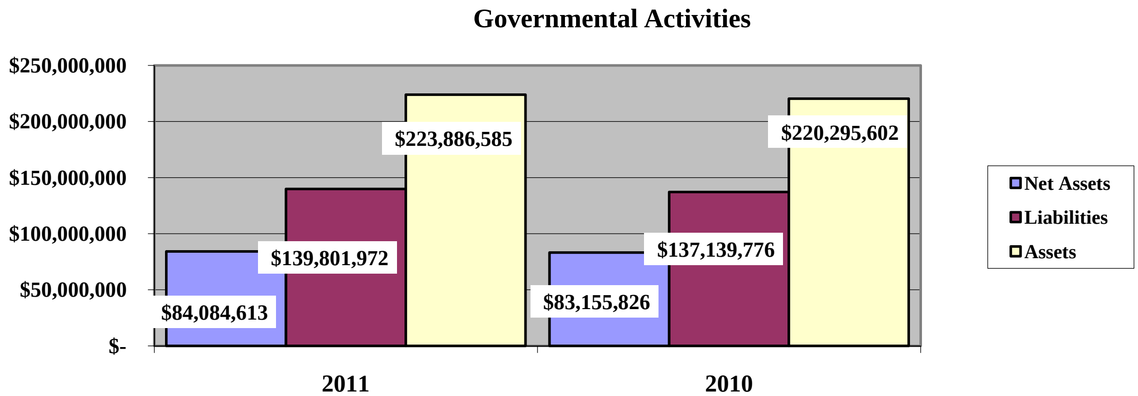
	Governmental Activities	
	2011	2010
Assets		
Current and other assets	$ 142,435,802	$ 166,064,394
Capital assets, net	81,450,783	54,231,208
Total assets	223,886,585	220,295,602
Liabilities		
Current liabilities	27,490,010	24,490,144
Long-term liabilities	112,311,962	112,649,632
Total liabilities	139,801,972	137,139,776
Net Assets		
Invested in capital assets, net of debt	15,880,743	15,015,205
Restricted	71,042,226	70,319,211
Unrestricted (deficit)	(2,838,356)	(2,178,590)
Total net assets	$ 84,084,613	$ 83,155,826

Net assets increased $928,787 or 1.12% during fiscal year 2011. This increase was primarily due to the current year increase in capital assets. During fiscal year 2011 the District continued to spend the proceeds of bonds and money received from the State on their Ohio School Facilities Commission project.

At year end, capital assets represented 36.38% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles infrastructure and textbooks. Capital assets, net of related debt to acquire the assets at June 30, 2011, were $15,880,743. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, $71,042,226, represents resources that are subject to external restriction on how they may be used.

The graph below shows the District's assets, liabilities and net assets at June 30, 2011 and 2010:



The table below shows the change in net assets for fiscal years 2011 and 2010. The 2010 balance of operating grants and contributions and general revenues have been restated to conform to 2011 presentation.

Change in Net Assets

	Governmental Activities	
	2011	Restated 2010
Revenues		
Program revenues:		
Charges for services and sales	$ 2,443,868	$ 2,613,842
Operating grants and contributions	6,335,264	3,664,707
Capital grants and contributions	937,433	420,045
General revenues:		
Property taxes	20,123,203	20,810,732
Payment in lieu of taxes	50,167	77,960
Grants and entitlements	17,775,991	19,185,213
Capital grants	2,476,069	39,621,003
Investment earnings	128,915	93,096
Decrease in FMV of investments	(405,936)	-
Miscellaneous	160,023	659,443
Total revenues	50,024,997	87,146,041

- continued

	Governmental Activities	
	2011	2010
Expenses		
Program expenses:		
Instruction:		
Regular	$ 19,840,570	$ 18,424,881
Special	3,253,387	3,085,507
Vocational	1,824,473	1,881,844
Adult/continuing	24,942	23,212
Other	1,288,333	1,127,013
Support services:		
Pupil	2,992,876	2,620,707
Instructional staff	1,358,730	1,611,359
Board of education	313,262	353,899
Administration	3,612,235	3,508,639
Fiscal	736,680	310,260
Operations and maintenance	3,608,198	3,492,192
Pupil transportation	1,531,293	1,679,714
Central	969,802	1,269,344
Operation of non-instructional services:		
Other non-instructional services	377,219	349,165
Food service operations	1,223,560	1,380,015
Extracurricular activities	1,123,548	1,133,305
Interest and fiscal charges	5,017,102	4,296,811
Total expenses	49,096,210	46,547,867
Special item	-	15,769,214
Changes in net assets	928,787	56,367,388
Net assets at beginning of year	83,155,826	26,788,438
Net assets at end of year	$ 84,084,613	$ 83,155,826

Governmental Activities

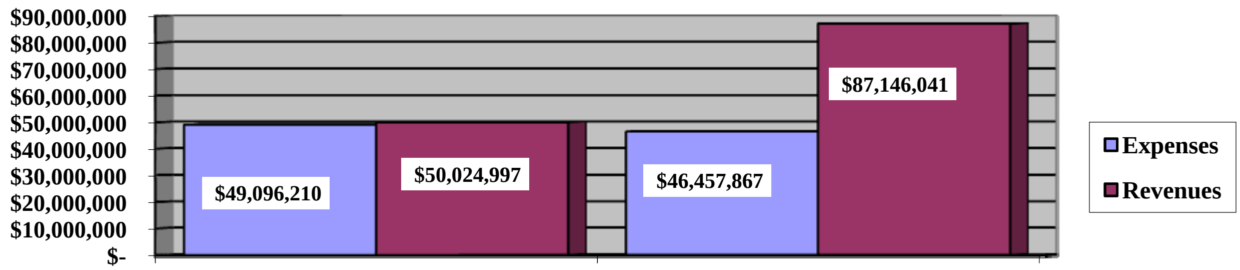
Net assets of the District's governmental activities increased $928,787. Total governmental expenses of $49,096,210 were offset by program revenues of $9,716,565 and general revenues of $40,308,432. Program revenues supported 19.79% of the total governmental expenses. The primary sources of revenue for governmental activities are derived from property taxes, grants and entitlements not restricted to specific programs and capital grants not restricted to specific purposes. These revenue sources represent 80.71% of total governmental revenue.

Total revenues decreased $37,121,044 during the current fiscal year. The majority of the decrease was in capital grants revenue as the District recorded an Ohio School Facilities Commission revenue in fiscal year 2010 for $38,111,083. As monies are drawn down on this receivable, it reduces the receivable balance rather than increase current year revenue.

Total expenses increased $2,548,343 primarily due to the increase related to instruction expense.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2011 and 2010.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

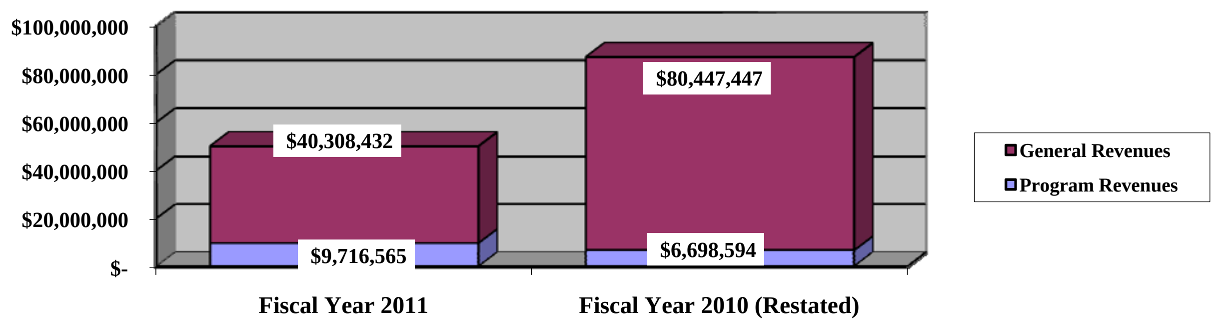
Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Restated Net Cost of Services 2010
Program expenses:				
Instruction:				
Regular	$ 19,840,570	$ 16,683,097	$ 18,424,881	$ 17,757,926
Special	3,253,387	1,220,637	3,085,507	1,366,647
Vocational	1,824,473	1,235,459	1,881,844	1,730,792
Adult/continuing	24,942	1,732	23,212	(856)
Other	1,288,333	1,256,862	1,127,013	1,097,042
Support services:				
Pupil	2,992,876	2,742,117	2,620,707	2,170,900
Instructional staff	1,358,730	1,144,535	1,611,359	1,225,637
Board of Education	313,262	313,262	353,899	344,171
Administration	3,612,235	3,268,253	3,508,639	3,034,523
Fiscal	736,680	736,680	310,260	300,958
Operations and maintenance	3,608,198	3,565,336	3,492,192	3,376,773
Pupil transportation	1,531,293	1,473,844	1,679,714	1,600,383
Central	969,802	943,264	1,269,344	1,211,711
Operation of non-instructional services:				
Other non-instructional services	377,219	129,509	349,165	24,844
Food service operations	1,223,560	(222,865)	1,380,015	(36,088)
Extracurricular activities	1,123,548	808,254	1,133,305	767,144
Interest and fiscal charges	5,017,102	4,079,669	4,296,811	3,876,766
Total expenses	$ 49,096,210	$ 39,379,645	$ 46,547,867	$ 39,849,273

The dependence upon tax and other general revenues for governmental activities is apparent; 77.76% of instruction activities in fiscal year 2011 are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.21%. The District's taxpayers, and grants and entitlements from the State of Ohio, as a whole, are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2011 and 2010.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on pages 18-19) reported a combined fund balance of $108,762,959 which is lower than last year's total restated balance of $119,872,985. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010. The District restated June 30, 2010 balances as described in Note 3.B.

	Fund Balance June 30, 2011	Restated Fund Balance June 30, 2010	Increase (Decrease)
General	$ 4,544,461	$ 6,319,763	$ (1,775,302)
Debt Service	5,037,317	3,944,580	1,092,737
Building	19,282,658	27,232,714	(7,950,056)
Classroom facilities	76,308,612	79,654,507	(3,345,895)
Other governmental	3,589,911	2,721,421	868,490
Total	$108,762,959	$119,872,985	$ (11,110,026)

General Fund

The District's general fund balance decreased $1,775,302. During the year general fund revenues decreased while expenditures increased. Tax revenues decreased $993,119 during fiscal year 2011 primarily due to the decrease in property taxes available for advance. The amount of property tax collected and available for advance by the County auditor can vary depending upon when tax bills are sent. Instruction and support services increased during the year mostly due to personnel costs.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2011 Amount	Restated 2010 Amount	Percentage Change
Revenues			
Taxes	$ 15,269,515	$ 16,262,634	(6.11) %
Earnings on investments	113,949	93,096	22.40 %
Intergovernmental	18,277,606	18,136,570	0.78 %
Other revenues	1,210,344	1,321,426	(8.41) %
Total	$ 34,871,414	$ 35,813,726	(2.63) %
Expenditures			
Instruction	$ 22,542,771	$ 22,007,192	2.43 %
Support services	14,176,642	13,493,116	5.07 %
Extracurricular activities	715,631	677,939	5.56 %
Facilities acquisition and construction	26,581	-	100.00 %
Capital outlay	-	64,857	(100.00) %
Total	$ 37,461,625	$ 36,243,104	3.36 %

Debt Service Fund

The debt service fund had $37,592,803 in revenues and other financing sources and $36,500,066 in expenditures. During fiscal year 2011, the debt service fund's fund balance increased $1,092,737 from a balance of $3,944,580 to a balance of $5,037,317. The increase is primarily due to the receipt of $2,224,463 of bond premiums in fiscal year 2011 offset by the recording of $384,296 in bond issuance costs.

Building Fund

The building fund had $377,733 in revenues and $8,327,789 in expenditures. During fiscal year 2011, the building fund's fund balance decreased $7,950,056 from a balance of $27,232,714 to a balance of $19,282,658 as the District expended approximately $8 million from this fund on construction projects to various District buildings.

Classroom Facilities Fund

The classroom facilities fund had $17,189,143 in revenues and $20,535,038 in expenditures. During fiscal year 2011, the classroom facilities fund's fund balance decreased $3,345,895 from a balance of $79,654,507 to a balance of $76,308,612. The classroom facilities fund had construction expenditures of approximately $21 million in fiscal year 2011; however, this was partially offset by approximately $16.3 million in grants from the OSFC related to the project.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2011, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources were $35,397,847, which was higher than the original budgeted revenues estimate of $34,991,655. Actual revenues for fiscal year 2011 were $35,397,847. This is the same figure that was used for the final budgeted revenues.

General fund original appropriations and other financing uses of $37,991,462 were decreased by $971,489 in the final appropriations. The actual budget basis expenditures for fiscal year 2011 totaled $37,019,973, which was the same as the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the District had $81,450,783 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure and textbooks. This entire amount is reported in governmental activities.

The following table shows fiscal year 2011 balances compared to 2010:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2011	2010
Land	$ 1,916,152	$ 1,916,152
Construction in progress	38,083,617	8,976,961
Land improvements	1,462,261	1,597,307
Building and improvements	36,016,167	37,155,023
Furniture and equipment	2,696,992	3,084,272
Vehicles	955,202	1,124,160
Infrastructure	149,256	175,553
Textbooks	171,136	201,780
Total	$ 81,450,783	$54,231,208

The overall increase in capital assets is due to capital outlays of $29,330,414 exceeding depreciation expense of $2,019,296 and disposals (net of accumulated depreciation) of $91,543 in the current period.

See Note 7 to the basic financial statements for detail.

Debt Administration

At June 30, 2011, the District had $93,535,181 in general obligation bonds and $14,290,000 in capital lease – certificates of participation. Of this total, $4,055,774 is due within one year and $103,769,407 is due within greater than one year. The following table summarizes the liabilities outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2011	Governmental Activities 2010
General obligation bonds	$ 93,535,181	$ 64,288,232
Bond anticipation notes	-	29,050,000
Capital lease - COP	14,290,000	15,000,000
Total	$ 107,825,181	$ 108,338,232

See Note 12 to the basic financial statements for detail on the District's debt administration.

Current Financial Related Activities

The District continues to receive support from the residents of the District. As the preceding information shows, the District relies heavily on its local property taxpayers. The last operating levy passed by the residents of the District was in February 2003, with the promise that the revenue generated by a levy would provide sufficient funding for five years. Voters of the District approved a 4.9 mill levy for the November 8, 2011 election.

Real estate and personal property tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at $100,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three year later the home was reappraised and increased to $200,000 (and this inflationary increase in value is compared to other property owners) the effective tax rate would become .5 mills and the owner would still pay $35.00.

Thus, the District's dependence upon property taxes is hampered by a lack of revenue growth, and must regularly return to the voters to maintain a constant level of service. Property taxes made up 40.23% of revenues for governmental activities for the District in fiscal year 2011.

The District has also been affected by increased delinquency rates and changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned expenses so that the last levy stretched for eight years (three more than originally planned). This has made it increasingly difficult with mandates in gifted education, rising utility costs, increased special education services required for our students, and significant increase in health insurance and property/liability/fleet insurance.

From State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward Districts with little property tax wealth.

The District has not anticipated any growth in State revenue. The concern is that, to meet the requirements of the Court, the State may require redistribution of state funding based upon each district's property wealth. This could have a significant impact on the District. The District remains concerned about the future of revenue from state and local sources. With the recent passage of House Bill 153, the State's biennial budget for fiscal years 2012 and 2013 shows no growth from state sources when combined with stimulus funds paid as part of the State foundation program. In fact, the District's total general revenue will be $1.8 million less in fiscal year 2012 that it was in fiscal year 2008.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the District's systems of budgeting and internal controls are well regarded. All of the District's financial abilities will be needed to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact, Douglas Beeman, Treasurer of Wadsworth City School District, 360 College Street, Wadsworth, Ohio 44281, e-mail wadc_beeman@wadsworthschools.org.

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WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY, OHIO

STATEMENT OF NET ASSETS
JUNE 30, 2011

		Governmental Activities
Assets:		
Equity in pooled cash and investments	$	114,323,214
Receivables:		
Property taxes		21,495,879
Accounts		15,440
Accrued interest		424,052
Intergovernmental		4,854,529
Materials and supplies inventory		249,821
Unamortized bond issuance costs		1,072,867
Capital assets:		
Land and construction in progress		39,999,769
Depreciable capital assets, net		41,451,014
Capital assets, net		81,450,783
Total assets		223,886,585
Liabilities:		
Accounts payable		166,238
Contracts payable		3,574,958
Retainage payable		100,235
Accrued wages and benefits		3,415,543
Pension obligation payable		962,387
Intergovernmental payable		274,706
Unearned revenue		18,509,472
Accrued interest payable		486,471
Long-term liabilities:		
Due within one year		4,429,344
Due in more than one year		107,882,618
Total liabilities		139,801,972
Net Assets:		
Invested in capital assets, net of related debt		15,880,743
Restricted for:		
Capital projects		63,816,326
Classroom facilities maintenance		681,566
Debt service		4,854,987
Locally funded programs		52,827
State funded programs		806,883
Federally funded programs		167,033
Student activities		164,405
Other purposes		498,199
Unrestricted (deficit)		(2,838,356)
Total net assets	$	84,084,613

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental activities:					
Instruction:					
Regular	$ 19,840,570	$ 722,253	$ 2,435,220	$ -	$ (16,683,097)
Special	3,253,387	18,658	2,014,092	-	(1,220,637)
Vocational	1,824,473	239,427	349,587	-	(1,235,459)
Adult/continuing.	24,942	23,210	-	-	(1,732)
Other	1,288,333	-	31,471	-	(1,256,862)
Support services:					
Pupil.	2,992,876	-	250,759	-	(2,742,117)
Instructional staff	1,358,730	-	214,195	-	(1,144,535)
Board of education	313,262	-	-	-	(313,262)
Administration.	3,612,235	178,149	165,833	-	(3,268,253)
Fiscal.	736,680	-	-	-	(736,680)
Operations and maintenance	3,608,198	39,766	3,096	-	(3,565,336)
Pupil transportation.	1,531,293	11,015	46,434	-	(1,473,844)
Central	969,802	-	26,538	-	(943,264)
Operation of non-instructional services:					
Other non-instructional services . .	377,219	-	247,710	-	(129,509)
Food service operations	1,223,560	896,363	550,062	-	222,865
Extracurricular activities.	1,123,548	315,027	267	-	(808,254)
Interest and fiscal charges	5,017,102	-	-	937,433	(4,079,669)
Total governmental activities	$ 49,096,210	$ 2,443,868	$ 6,335,264	$ 937,433	(39,379,645)

General Revenues:	
Property taxes levied for:	
General purposes	15,399,116
Debt service.	4,724,087
Payment in lieu of taxes	50,167
Grants and entitlements not restricted to specific programs	17,775,991
Capital grants not restricted to specific programs	2,476,069
Investment earnings	128,915
Decrease in FMV of investments.	(405,936)
Miscellaneous	160,023
Total general revenues	40,308,432
Change in net assets	928,787
Net assets at beginning of year.	83,155,826
Net assets at end of year	$ 84,084,613

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Debt Service	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in pooled cash and investments	$ 7,389,587	$ 4,579,108	$ 19,962,343	$ 78,744,237	$ 3,647,939	$ 114,323,214
Receivables:						
Property taxes	16,189,848	5,306,031	-	-	-	21,495,879
Accounts	14,157	-	-	-	1,283	15,440
Accrued interest	42,693	2,331	97,021	282,007	-	424,052
Interfund loans	47,556	-	-	-	-	47,556
Intergovernmental	130,968	-	-	2,904,778	1,818,783	4,854,529
Materials and supplies inventory	153,791	-	-	-	96,030	249,821
Total assets	$ 23,968,600	$ 9,887,470	$ 20,059,364	$ 81,931,022	$ 5,564,035	$ 141,410,491
Liabilities:						
Accounts payable	$ 109,377	$ -	$ 4,914	$ 12,437	$ 39,510	$ 166,238
Contracts payable	-	-	750,657	2,824,301	-	3,574,958
Retainage payable	-	-	-	100,235	-	100,235
Accrued wages and benefits	3,093,272	-	-	-	322,271	3,415,543
Compensated absences payable	188,176	-	-	-	15,223	203,399
Interfund loans payable	-	-	-	-	47,556	47,556
Intergovernmental payable	255,150	-	383	795	18,378	274,706
Unearned revenue	13,963,460	4,546,012	-	-	-	18,509,472
Deferred revenue	931,466	304,141	20,752	2,684,642	1,452,037	5,393,038
Pension obligation payable	883,238	-	-	-	79,149	962,387
Total liabilities	19,424,139	4,850,153	776,706	5,622,410	1,974,124	32,647,532
Fund Balances:						
Nonspendable:						
Materials and supplies inventory	153,791	-	-	-	96,030	249,821
Restricted:						
Debt service	-	5,037,317	-	-	-	5,037,317
Capital improvements	-	-	19,282,658	76,308,612	2,296,245	97,887,515
Classroom facilities maintenance	-	-	-	-	681,566	681,566
Food service operations	-	-	-	-	310,858	310,858
Non-public schools	-	-	-	-	582	582
Special education	-	-	-	-	17,117	17,117
Other purposes	-	-	-	-	221,300	221,300
Extracurricular	-	-	-	-	164,405	164,405
Committed:						
Student and staff support	19,442	-	-	-	-	19,442
Assigned:						
Student instruction	175,430	-	-	-	-	175,430
Student and staff support	464,814	-	-	-	-	464,814
Extracurricular activities	3,652	-	-	-	-	3,652
Public school support	81,718	-	-	-	-	81,718
Uniform school supplies	12,999	-	-	-	-	12,999
Adult education	11,457	-	-	-	-	11,457
Employee benefits	36,232	-	-	-	-	36,232
Other purposes	24,177	-	-	-	-	24,177
Unassigned (deficit)	3,560,749	-	-	-	(198,192)	3,362,557
Total fund balances	4,544,461	5,037,317	19,282,658	76,308,612	3,589,911	108,762,959
Total liabilities and fund balances	$ 23,968,600	$ 9,887,470	$ 20,059,364	$ 81,931,022	$ 5,564,035	$ 141,410,491

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Total governmental fund balances		$ 108,762,959
Amounts reported for governmental activities on the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		81,450,783
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable	$ 1,225,591	
Sales taxes receivable	317,490	
Accrued interest receivable	114,856	
Intergovernmental receivable	3,735,101	
Total		5,393,038
Unamortized bond issuance costs are not recognized in the funds.		1,072,867
Unamortized premiums on bond issuances costs are not recongnized in the funds.		(3,730,237)
Unamortized deferred losses on refundings are not recognized in the funds.		506,622
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(486,471)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(90,311,566)	
Capital lease obligation - COP	(14,290,000)	
Compensated absences	(4,283,382)	
Total		(108,884,948)
Net assets of governmental activities		$ 84,084,613

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General	Debt Service	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Property taxes	$ 15,269,515	$ 4,616,455	$ -	$ -	$ -	$ 19,885,970
Payment in lieu of taxes	83,589	-	-	-	-	83,589
Tuition	572,556	-	-	-	168,577	741,133
Transportation fees	11,015	-	-	-	-	11,015
Earnings on investments	113,949	12,637	486,722	1,115,447	2,683	1,731,438
Charges for services	-	-	-	-	896,063	896,063
Extracurricular	147,203	-	-	-	315,027	462,230
Classroom materials and fees	131,263	-	-	-	-	131,263
Rental income	38,888	-	-	-	-	38,888
Contributions and donations	1,732	-	-	-	9,200	10,932
Contract services	221,836	-	-	-	-	221,836
Other local revenues	37,930	123,625	-	-	13,175	174,730
Intergovernmental - intermediate	-	-	-	-	1,619,194	1,619,194
Intergovernmental - state	18,245,292	642,181	-	16,321,033	388,346	35,596,852
Intergovernmental - federal	32,314	937,433	-	-	3,616,059	4,585,806
Decrease in FMV of investments	(35,668)	(13,942)	(108,989)	(247,337)	-	(405,936)
Total revenues	34,871,414	6,318,389	377,733	17,189,143	7,028,324	65,785,003
Expenditures:						
Current:						
Instruction:						
Regular	17,370,086	-	-	-	1,338,275	18,708,361
Special	2,177,596	-	-	-	1,099,911	3,277,507
Vocational	1,715,141	-	-	-	109,363	1,824,504
Adult/continuing	24,577	-	-	-	-	24,577
Other	1,255,371	-	-	-	30,645	1,286,016
Support services:						
Pupil	2,639,858	-	-	-	265,040	2,904,898
Instructional staff	1,195,070	-	-	-	221,062	1,416,132
Board of education	252,403	-	54,475	6,227	-	313,105
Administration	3,416,934	-	-	-	172,408	3,589,342
Fiscal	664,362	59,401	3,604	15,758	-	743,125
Operations and maintenance	3,991,771	-	-	-	10,178	4,001,949
Pupil transportation	1,345,408	-	-	-	10,153	1,355,561
Central	670,836	-	-	-	25,649	696,485
Operation of non-instructional services:						
Operation of non-instructional	-	-	-	-	358,912	358,912
Food service operations	-	-	-	-	1,207,515	1,207,515
Extracurricular activities	715,631	-	-	-	291,493	1,007,124
Facilities acquisition and construction	26,581	-	8,269,710	20,513,053	1,665	28,811,009
Debt service:						
Principal retirement	-	31,350,000	-	-	710,000	32,060,000
Interest and fiscal charges	-	4,706,369	-	-	307,565	5,013,934
Bond issuance costs	-	384,296	-	-	-	384,296
Total expenditures	37,461,625	36,500,066	8,327,789	20,535,038	6,159,834	108,984,352
Excess (deficiency) of revenues over (under) expenditures	(2,590,211)	(30,181,677)	(7,950,056)	(3,345,895)	868,490	(43,199,349)
Other financing sources:						
Premium on bonds	-	2,224,463	-	-	-	2,224,463
Sale of bonds	-	29,049,951	-	-	-	29,049,951
Sale of assets	530	-	-	-	-	530
Transfers in	814,379	-	-	-	-	814,379
Total other financing sources	814,909	31,274,414	-	-	-	32,089,323
Net change in fund balances	(1,775,302)	1,092,737	(7,950,056)	(3,345,895)	868,490	(11,110,026)
Fund balances at beginning of year (restated).	6,319,763	3,944,580	27,232,714	79,654,507	2,721,421	119,872,985
Fund balances at end of year	$ 4,544,461	$ 5,037,317	$ 19,282,658	$ 76,308,612	$ 3,589,911	$ 108,762,959

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds		$ (11,110,026)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	$ 29,330,414	
Current year depreciation	(2,019,296)	
Total		27,311,118
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		(91,543)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	237,233	
Sales taxes	(610,380)	
Accrued interest	114,856	
Payment in lieu of taxes	(33,422)	
Tuition	(62,124)	
Intergovernmental	(15,398,482)	
Total		(15,752,319)
Repayment of bond principal, accreted interest, notes and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilitieson the statement of net assets. Principal payments during the year were:		
Bonds	1,926,917	
Accreted interest	373,083	
Notes	29,050,000	
Capital lease - COP	710,000	
Total		32,060,000
The issuances of bonds are recorded as an other financing source in the governmental funds funds; however, the proceeds increase long-term liabilities on the statement net assets.		(29,049,951)
Premiums on bonds and bond issuance costs related to the issuance of bonds are amortized over the life of the issuance in the statement of activities. The following transactions occurred in the year:		
Premiums on bonds	(2,224,463)	
Bond issuance costs	384,296	
Total		(1,840,167)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	338,582	
Accreted interest on capital appreciation bonds	(500,189)	
Amortization of bond issuance costs	(69,215)	
Amortization of bond premiums	269,872	
Amortization of refunding loss	(42,218)	
Total		(3,168)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		219,222
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(814,379)
Change in net assets of governmental activities		$ 928,787

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Property taxes	$ 15,681,210	$ 16,030,893	$ 16,030,893	$ -
Tuition	660,000	565,386	565,386	-
Transportation fees	9,000	9,530	9,530	-
Earnings on investments	70,000	75,204	75,204	-
Classroom materials and fees	86,000	103,670	103,670	-
Rental income	25,000	37,499	37,499	-
Contributions and donations	-	1,732	1,732	-
Contract services	13,606	24,347	24,347	-
Other local revenues	20,000	36,096	36,096	-
Intergovernmental - state	18,193,864	18,245,292	18,245,292	-
Intergovernmental - federal	-	25,326	25,326	-
Total revenues	34,758,680	35,154,975	35,154,975	-
Expenditures:				
Current:				
Instruction:				
Regular	17,382,732	16,938,234	16,938,234	-
Special	2,259,436	2,201,659	2,201,659	-
Vocational	1,603,952	1,562,937	1,562,937	-
Other	1,296,839	1,263,677	1,263,677	-
Support services:				
Pupil	2,700,216	2,631,168	2,631,168	-
Instructional staff	1,240,899	1,209,168	1,209,168	-
Board of education	339,808	331,119	331,119	-
Administration	3,201,804	3,119,930	3,119,930	-
Fiscal	664,646	647,650	647,650	-
Operations and maintenance	4,115,908	4,010,659	4,010,659	-
Pupil transportation	1,567,375	1,527,295	1,527,295	-
Central	774,445	754,641	754,641	-
Extracurricular activities	733,753	714,990	714,990	-
Facilities acquisition and construction	27,279	26,581	26,581	-
Total expenditures	37,909,092	36,939,708	36,939,708	-
Excess (deficiency) of revenues over (under) expenditures	(3,150,412)	(1,784,733)	(1,784,733)	-
Other financing sources (uses):				
Refund of prior year's expenditures	202,000	211,367	211,367	-
Refund of prior year's receipts	(3,381)	(3,295)	(3,295)	-
Transfers (out)	(1,231)	(1,200)	(1,200)	-
Advances in	30,975	30,975	30,975	-
Advances (out)	(77,758)	(75,770)	(75,770)	-
Sale of assets	-	530	530	-
Total other financing sources (uses)	150,605	162,607	162,607	-
Net change in fund balance	(2,999,807)	(1,622,126)	(1,622,126)	-
Fund balance at beginning of year	7,712,527	7,712,527	7,712,527	-
Prior year encumbrances appropriated	497,997	497,997	497,997	-
Fund balance at end of year	$ 5,210,717	$ 6,588,398	$ 6,588,398	$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Governmental Activities - Internal Service Fund
Transfer out	$ (814,379)
Change in net assets.	(814,379)
Net assets at beginning of year	814,379
Net assets at end of year.	$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash payments for claims	$ (272,215)
Net cash (used in) operating activities	(272,215)
Cash flows from noncapital financing activities:	
Transfers out	(814,379)
Net cash (used in) noncapital financing activities	(814,379)
Net decrease in cash and cash equivalents	(1,086,594)
Cash and cash equivalents at beginning of year	1,086,594
Cash and cash equivalents at end of year	$ -
Reconciliation of operating income to net cash (used in) operating activities:	
Operating income	$ -
Changes in assets and liabilities:	
Decrease in claims payable	(272,215)
Net cash (used in) operating activities	$ (272,215)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY, OHIO

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2011

		Agency
Assets:		
Equity in pooled cash and investments. . . .	$	135,464
Receivables:		
Accounts		189,734
Total assets.	$	325,198
Liabilities:		
Accounts payable.	$	366
Accrued wages and benefits		4,728
Pension obligation payable.		4,677
Intergovernmental payable		581
Undistributed monies.		314,846
Total liabilities	$	325,198

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Wadsworth City School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under a locally-elected five-member board of education and provides educational services as mandated by state and/or federal agencies. This Board controls the District's eight instructional/support facilities staffed by 259 non-certified employees and 325 certified full-time teaching personnel who provide services to 4,776 students and other community members.

The District provides more than instruction to its students. These additional services include student guidance, extracurricular activities, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. These District operations will be included as part of the reporting entity.

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government) and include all of the funds of the District over which the Board of Education exercises operating control.

The District is involved in two jointly governed organizations, a related organization and a public entity rick pool which are described in Note 15, Note 16 and Note 17, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District applies guidance that was issued prior to November 30, 1989 by the Financial Accounting Standards Board ("FASB") to its governmental activities and internal service fund provided it does not conflict with or contradict GASB pronouncements. The District has elected not to follow FASB guidance for its internal service fund issued after November 30, 1989.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses.

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following are the District's major governmental funds:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt service fund - The debt service fund is used to account for resources that are restricted for payment of debt service principal and interest.

Building fund - The Building fund is used to account for resources that are restricted for capital outlays including the acquisition or construction of capital facilities and other capital assets. This fund accounts for receipts and expenditures related to all construction related bond fund proceeds in the District. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

Classroom facilities fund - The Classroom Facilities fund is used to account for resources restricted in connection with contracts entered into by the District and the Ohio School facilities Commission (OSFC) for the building and equipping of classroom facilities.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUND

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

> *Internal Service Fund* - The Internal Service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only Internal Service fund accounts for a former self-insurance program for employee medical, dental, and prescription drug benefits. Effective July 2010, the District was no longer self-insured upon joining the Summit Regional Health Care Consortium. During fiscal year 2011, the District made a residual equity transfer to the general fund to close out the internal service fund (see Note 14).

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only fiduciary fund is an agency fund. The District's agency funds accounts for student activities and the Four Cities Educational Compact as shown in Note 15.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and all liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statement. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The District had no operating revenues or expenses in fiscal year 2011. The District ceased being self-insured in fiscal year 2011. The activity of the internal service fund consisted of the payment of previously incurred and accrued claims and a residual equity transfer out to the general fund. The payment of the residual claims is reported on the statement of cash flows and the residual equity transfer is reported on the statement of revenues, expenses and changes in net assets and on the statement of cash flows.

Agency funds do not report a measurement focus as they do not report operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 5) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2011, are recorded as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the “Operating Grants and Contributions” program revenue account.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Under the modified accrual basis the measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

During fiscal year 2011 the District had investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), nonnegotiable certificates of deposit, negotiable certificates of deposit, Federal Farm Credit Bank (FFCB) bonds, Federal Home Loan Bank (FHLB) bonds, Federal Home Loan Mortgage Corporation (FHLMC) bonds, Federal National Mortgage Association (FNMA) bonds, FNMA discount notes, and investments in U.S. Treasury money market mutual funds. See Note 4 for a full listing of the District’s investments. All investments are reported at fair value which is based on quoted market prices except for nonparticipating investments contracts, such as nonnegotiable certificates of deposit, which are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolutions, identified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2011 amounted to $113,949, which includes $49,900 from other District funds.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as “equity in pooled cash and investments.” Investments with an original maturity of more than three months that are not purchased from the pool are reported as “investments”.

An analysis of the District’s investment accounts at fiscal year end is provided in Note 4.

F. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District capital asset policy is to capitalize all items over $5,000 and other items controlled by management. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	39 years
Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	13 years
Textbooks	5 years
Infrastructure	5 - 50 years

G. Compensated Absences

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2011, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes primarily include food service operations, non-instructional services, instructions of students and extracurricular activities.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

There were no net assets restricted for enabling legislation for fiscal year ending June 30, 2011.

J. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

K. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenue and expenses not meeting these definitions are classified as non-operating.

During fiscal year 2011, the District’s only activity in the internal service fund was the payment of claims that were due and payable at June 30, 2010 and a residual equity transfer to the general fund to close out the internal service fund.

L. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Transfers between governmental funds are eliminated for reporting on the government-wide statement of activities. Interfund services provided and used are not eliminated for reporting on the government-wide statement of activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Unamortized Issuance Costs/Bond Premiums/Accounting Gain or Loss

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refunds resulting in the defeasance of the debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 12.

N. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2011.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Encumbrances - As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the fund financial statements, encumbrances outstanding at year end in excess of amounts already recognized as accounts payable are reported as assigned or committed fund balance for the General Fund. A reserve for encumbrances is not reported on government-wide financial statements.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated.

Q. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported materials and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

R. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities columns of the statement of net assets.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	General	Debt Service	Building	Classroom Facilities	Nonmajor Governmental	Total Governmental
Fund balance as previously reported	$ 6,204,531	$ 3,944,580	$ 27,232,714	$ 79,654,507	$ 2,836,653	$ 119,872,985
Fund reclassifications:						
Public school support fund	84,360	-	-	-	(84,360)	-
Uniform school supplies fund	1,280	-	-	-	(1,280)	-
Rotary fund	16,768	-	-	-	(16,768)	-
Adult education fund	12,824	-	-	-	(12,824)	-
Total fund reclassifications	115,232	-	-	-	(115,232)	-
Restated fund balance at July 1, 2010	$ 6,319,763	$ 3,944,580	$ 27,232,714	$ 79,654,507	$ 2,721,421	$ 119,872,985

The fund reclassifications did not have an effect on net assets as previously reported.

C. Deficit Fund Balances

Fund balances at June 30, 2011 included the following individual fund deficits:

Nonmajor funds	Deficit
Management information systems	$ 37
IDEA Part-B	109,085
Vocational education	45,865
Stimulus Title II-D	174
Title I - disadvantaged children	12,674
IDEA preschool grant for handicapped	10,030
Improving teacher quality	20,327

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool (STAR Ohio);

7. Certain banker’s acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the District had $8,880 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and investments”.

B. Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all District deposits was $6,806,880. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2011, $4,810,546 of the District’s bank balance of $6,846,990 was exposed to custodial risk as discussed below, while $2,036,444 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2011, the District had the following investment and maturity:

		Investment Maturities			
Investment type	Fair Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
Negotiable CD's	$ 8,322,654	$ 1,501,128	$ 3,523,138	$ 1,771,683	$ 1,526,705
FFCB bonds	6,353,050	3,737,037	1,779,925	-	836,088
FHLB bonds	41,268,837	7,967,717	14,722,452	17,511,606	1,067,062
FHLMC bonds	2,251,239	-	-	2,251,239	-
FNMA bonds	10,405,277	5,682,069	4,723,208	-	-
FNMA discount notes	3,885,997	-	3,558,997	-	-
U.S. Treasury money market mutual funds	32,634,081	32,634,081	-	-	-
STAR Ohio	2,521,783	2,521,783	-	-	-
Total	$ 107,642,918	$ 54,043,815	$ 28,307,720	$ 21,534,528	$ 3,429,855

The weighted average maturity of investments is 0.55 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments in federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard service. Standard & Poor's has assigned STAR Ohio an AAAm money market rating. The District's U.S. Treasury money market mutual funds were rated AAAm by Standard & Poor's. The District's investment policy does not specifically address credit risk beyond the adherence to Chapter 135 of the Ohio Revised Code, of which all relevant provisions are described previously in this note disclosure (Note 4).

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

Investment type	Fair Value	% to Total
Negotiable CD's	$ 8,322,654	7.73
FFCB bonds	6,353,050	5.90
FHLB bonds	41,268,837	38.34
FHLMC bonds	2,251,239	2.09
FNMA bonds	10,405,277	9.67
FNMA discount notes	3,885,997	3.61
U.S. Treasury money market mutual funds	32,634,081	30.32
STAR Ohio	2,521,783	2.34
Total	$ 107,642,918	100.00

E. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

Cash and investments per note	
Carrying amount of deposits	$ 6,806,880
Investments	107,642,918
Cash on hand	8,880
Total	$ 114,458,678
Cash and investments per statement of net assets	
Governmental activities	$ 114,323,214
Agency funds	135,464
Total	$ 114,458,678

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The District receives property taxes from Medina County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was $1,356,781 in the general fund and $458,207 in the debt service fund. This amount is recorded as revenue. The amount available for advance at June 30, 2010 was $1,956,609 in the general fund and $478,399 in the debt service fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

NOTE 5 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 559,072,240	96.98	$ 610,142,660	97.43
Public utility personal	26,070	-	25,750	-
Tangible personal property	17,411,995	3.02	16,098,940	2.57
Total	$ 576,510,305	100.00	$ 626,267,350	100.00
Tax rate per $1,000 of assessed valuation	$70.20		$72.60	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2011 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the receivables on the statement of net assets follows:

Governmental activities:	
Taxes	$ 21,495,879
Accounts	15,440
Accrued interest	424,052
Intergovernmental	4,854,529
Total	$ 26,789,900

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

Governmental activities:	Balance July 1, 2010	Additions	Disposals	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	$ 1,916,152	$ -	$ -	$ 1,916,152
Construction in progress	8,976,961	29,106,656	-	38,083,617
Total capital assets, not being depreciated	10,893,113	29,106,656	-	39,999,769
Capital assets, being depreciated:				
Land improvements	2,582,172	-	-	2,582,172
Buildings and improvements	53,808,612	-	(73,817)	53,734,795
Furniture and equipment	10,828,008	223,758	(131,138)	10,920,628
Vehicles	2,657,457	-	-	2,657,457
Infrastructure	256,482	-	-	256,482
Textbooks	1,773,632	-	-	1,773,632
Total capital assets, being depreciated	71,906,363	223,758	(204,955)	71,925,166
Less: accumulated depreciation:				
Land improvements	(984,865)	(135,046)	-	(1,119,911)
Buildings and improvements	(16,653,589)	(1,065,479)	440	(17,718,628)
Furniture and equipment	(7,743,736)	(592,872)	112,972	(8,223,636)
Vehicles	(1,533,297)	(168,958)	-	(1,702,255)
Infrastructure	(80,929)	(26,297)	-	(107,226)
Textbooks	(1,571,852)	(30,644)	-	(1,602,496)
Total accumulated depreciation	(28,568,268)	(2,019,296)	113,412	(30,474,152)
Governmental activities capital assets, net	$ 54,231,208	$ 27,311,118	$ (91,543)	$ 81,450,783

At June 30, 2011, the District had $36,776,583 of unexpended long-term obligation proceeds which will be used for the acquisition and construction of capital assets.

NOTE 7 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 1,218,528
Special	3,636
Vocational	28,581
Adult continuing	115
Support services:	
Pupil	70,591
Instructional staff	8,725
Board of Education	157
Administration	30,877
Fiscal	1,165
Operations and maintenance	59,887
Pupil transportation	171,168
Central	267,326
Operation of non-instructional services:	
Other non-instructional services	10,976
Food service operations	21,571
Extracurricular activities	125,993
Total depreciation expense	$ 2,019,296

NOTE 8 - RISK MANAGEMENT

A. Liability Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries; and natural disasters. The District has a comprehensive property and casualty policy with a deductible of $10,000 per incident and a policy limit of $131,241,488. The District's vehicle liability insurance policy limit is $1,000,000 with a $1,000 collision deductible. All administrators and employees are covered under a District liability policy and an umbrella policy. The combined limits of these coverages are $7,000,000 per occurrence and $8,000,000 in aggregate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has not been a significant reduction of coverage from the prior fiscal year.

B. Fidelity Bonds

The Board President and Superintendent have a $20,000 position bond. The Treasurer is covered under a surety bond in the amount of $20,000. All other school employees who are responsible for handling funds are covered by a $20,000 crime coverage bond.

NOTE 8 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

For fiscal year 2011, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control and actuarial services to the GRP.

D. Employee Health Benefits

In July 2010, the District joined the Summit Regional Health Care Consortium (SRHCC) Health Benefits Program, a public entity risk pool, to provide employee hospitalization, dental, prescription drug, vision, life, and disability benefits (see Note 17 for detail). Premium rates are set or determined by the Board of Directors of the SRHCC. To the extent and in the manner permitted by any applicable agreements, policies, rules, regulations and laws, each member of the SRHCC may require contributions from its employees toward the cost of any benefit program being offered by the District and such contributions shall be included in the payments from the District to the fiscal agent of the SRHCC. The District pays a monthly premium to the SRHCC. Because the District is a member of the SRHCC and the SRHCC holds the reserves for Incurred But Not Reported (IBNR) claims, not the individual districts, IBNR information is not available on a district-by-district basis.

NOTE 9 - OTHER EMPLOYEE BENEFITS

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees working eleven or twelve months per year are entitled to an annual vacation, with pay, based on length of service in the District. Accumulated unused vacation time is paid to employees upon termination of employment. Teachers and administrators working fewer than ten months per year do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 284 days for classified employees and 284 days for certified employees. For certified employees, payment is made at the time of termination for 40% of a certified employee's accumulated sick leave up to 200 days, a benefit of up to 80 days. For classified employees, payment is made at the time of termination for 40% of a classified employee's accumulated sick leave up to 200 days, a benefit of up to 80 days. Certified employees receive $100 per year until they reach the 80 day cap if retiring after 15 years, for each year with the District. Classified employees receive 1 additional day of sick pay until they reach the 80 day cap if retiring after 15 years, for each year with the District. In addition, certified employees retiring in their first year of eligibility with the State Teachers Retirement System are eligible for an enhanced severance in lieu of the standard severance mentioned above. The enhanced severance is for 60% of a certified employee's accumulated sick leave up to 200 days, a benefit of up to 120 days.

NOTE 10 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Media/Financial Reports*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were $639,672, $785,422 and $522,587, respectively; 52.72 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "*Publications*".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

NOTE 10 - PENSION PLANS - (Continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were $2,646,374, $2,612,450 and $2,460,506, respectively; 84.11 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were $125,868 made by the District and $89,906 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was $96.40 and SERS' reimbursement to retirees was $45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *"Media/Financial Reports"*.

NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was $35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were $159,954, $28,270 and $316,729, respectively; 52.72 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were $41,164, $46,707 and $43,118, respectively; 52.72 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org, under *"Publications"* or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were $203,567, $199,861 and $189,270, respectively; 84.11 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 12 - LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during the fiscal year consisted of the following:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due in One Year
Governmental Activities:					
General Obligation Bonds:					
Series BQ Bonds - 2009					
Serial Bonds - 2.00-5.00%, 6/09 - 12/37	$ 9,490,000	$ -	$ (25,000)	$ 9,465,000	$ 245,000
Capital Appreciation bonds - 25.929%, 12/16 - 12/18	109,995	-	-	109,995	-
Accretion on Capital Appreciation bonds	27,638	38,001	-	65,639	-
Premium	363,101	-	(12,968)	350,133	-
School Improvement Refunding Bonds - 2007					
Serial Bonds - 4%, 6/06 - 12/22	8,150,000	-	(100,000)	8,050,000	105,000
Capital Appreciation bonds - 10.439%, 12/15 - 12/16	659,993	-	-	659,993	-
Accretion on Capital Appreciation bonds	264,620	98,466	-	363,086	-
Premium	435,696	-	(33,515)	402,181	-
Refunding Loss	(288,461)	22,189	-	(266,272)	
School Improvement Refunding Bonds - 2006					
Serial Bonds - 4-4.2%, 6/06 - 12/22	8,345,000	-	(110,000)	8,235,000	115,000
Capital Appreciation bonds - 12.1 -12.2%, 12/14 - 12/15	614,990	-	-	614,990	-
Accretion on Capital Appreciation bonds	372,001	123,909	-	495,910	-
Premium	413,078	-	(31,775)	381,303	-
Refunding Loss	(260,379)	20,029	-	(240,350)	-
School Improvement Bonds - 1998					
Serial Bonds - 3.75-5.125%, 4/98 - 12/11	1,190,000	-	(580,000)	610,000	610,000
School Improvement Bonds - 1999					
Serial Bonds - 3.30-5.00%, 4/99 - 12/22	595,000	-	-	595,000	-
Capital Appreciation bonds - 5%, 12/10 - 12/12	694,997	-	(238,103)	456,894	230,586
Accretion on Capital Appreciation bonds	810,957	89,001	(301,897)	598,061	305,448
School Improvement Bonds - 2000					
Capital Appreciation bonds - 5.15%, 12/10 - 12/12	94,999	-	(33,814)	61,185	31,640
Accretion on Capital Appreciation bonds	176,325	23,779	(71,186)	128,918	68,100
Library Improvement Bonds - 2001 (see Note 15)					
Serial Bonds - 3.00-4.40%, 12/01 - 12/11	540,000		(265,000)	275,000	275,000
Term Bonds - 5.05-5.10%, 12/12 - 12/22	2,750,000	-	-	2,750,000	-
Capital Appreciation bonds - 7.296%, 12/12 - 12/14	355,000	-	-	355,000	-
Accretion on Capital Appreciation bonds	319,911	49,940	-	369,851	-
Energy Conservation Imp. Bonds - 2001					
5.25%, 12/01 - 12/14	500,000	-	(100,000)	400,000	100,000

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due in One Year
Governmental Activities:					
General Obligation Bonds:					
Taxable Build America Bonds - 2009					
Serial Bonds - 1.75-5.01%, 9/09 - 12/19	5,460,000	-	(475,000)	4,985,000	485,000
Term Bonds - 5.41-7.00%, 12/21 - 12/37	21,540,000	-	-	21,540,000	-
Premium	563,771	-	(20,501)	543,270	-
School Improvement Bonds - 2010A					
Serial Bonds - 2%, 12/11 - 12/15	-	2,420,000	-	2,420,000	735,000
Capital Appreciation bonds - 22.072%, 12/16 - 12/20	-	679,951	-	679,951	-
Accretion on Capital Appreciation bonds	-	77,093	-	77,093	-
Premium		2,224,463	(171,113)	2,053,350	-
Taxable Build America Bonds - 2010B					
Serial Bonds - 4.31-4.71%, 12/21 - 12/23		3,065,000		3,065,000	-
Term Bonds - 5.06-6.21%, 12/25 - 12/37	-	22,885,000	-	22,885,000	-
Total General Obligation Bonds	64,288,232	31,816,821	(2,569,872)	93,535,181	3,305,774
Bond Anticipation Note - 2.25%	29,050,000	-	(29,050,000)	-	-
Capital Lease - Certificate of Participation	15,000,000	-	(710,000)	14,290,000	750,000
Compensated Absences					
Severance	4,120,196	676,060	(479,646)	4,316,610	203,399
Vacation	191,204	170,171	(191,204)	170,171	170,171
Total compensated absences	4,311,400	846,231	(670,850)	4,486,781	373,570
Total governmental activities long-term liabilities	$ 112,649,632	$ 32,663,052	$ (33,000,722)	$ 112,311,962	$ 4,429,344

Capital Lease – Certificate of Participation

See Note 13 for detail on the District's capital lease.

Compensated absences

Compensated absences will be paid from the fund from which the employee is paid which, for the District, is primarily the general fund.

Bond Anticipation Note

In September 2010, the District retired $29,050,000 of bond anticipation notes issued in fiscal year 2010 to help fund the local share of the District's Ohio School facilities building project. The notes were retired from the debt service fund using proceeds of the Series 2010A and Series 2010b bond issues described below.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Series 2010A School Improvement General Obligation Bonds

On September 15, 2010, the District issued $3,099,951 of Series 2010A school improvement bonds to finance the local share of the District's Ohio School's Facility Commission's building project. This issue is comprised of both current interest serial bonds, par value $2,420,000, and capital appreciation bonds, par value $679,951. These bonds are not subject to early redemption. The final stated maturity on the Series 2010A school improvement bonds is December 1, 2020. These bonds will be retired from the debt service fund.

The general obligation bonds were issued with a premium of $2,224,463, which was reported as an increase to bonds payable in the current fiscal year. The amounts are being amortized as interest expenses over the life of the bonds using the straight-line method, which is not significantly different than the bonds outstanding or the effective interest methods. The amortization for June 30, 2011 was $171,113. Bond issuance costs associated with the issuance of these bonds totaled $384,596. This amount is being amortized over the life of the bonds and during the current fiscal year $29,561 was expensed as interest.

The capital appreciation bonds mature December 1, 2016, 2017, 2018, 2019, and 2020. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as an increase in long-term liability. The maturity amount of the bonds is $3,745,000.

Series 2010B Build America Bonds (BABs)

On September 15, 2010, the District issued $25,950,000 of Series 2010B BABs to finance the local share of the District's Ohio School's Facility Commission's building project. This issue is comprised of both current interest serial bonds, par value $3,065,000, and term bonds, par value $22,885,000. These bonds are subject to early redemption as described below. The final stated maturity on the Series 2010B BABs is December 1, 2037. These bonds will be retired from the debt service fund. The District receives a direct payment subsidy from the United States Treasury equal to thirty-five percent of the corresponding interest payments due on the BABs. The District records this subsidy from the federal government in the debt service fund.

The BABs are subject to optional redemption, extraordinary optional redemption and mandatory sinking fund redemption as follows:

<u>Optional Redemption</u> - the BABs maturing on or after December 1, 2020 are subject to prior redemption by and at the sole option of the District, either in whole or in part, on any date on or after December 1, 2019, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date.

<u>Extraordinary Optional Redemption</u> - the BABs are also subject to redemption prior to maturity by and at the sole option of the District, either in whole or in part on any date at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, in the event that the BAB Direct Payments cease or are reduced.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Mandatory Sinking Fund Redemption - the BAB term bonds mature on December 1, 2025, December 1, 2030, December 1, 2033 and December 1, 2037 in the amounts of $2,355,000, $7,430,000, $5,180,000 and $7,920,000, respectively. The BAB term bonds are subject to mandatory sinking fund redemption as follows:

Year	Mandatory Sinking Fund Redemption
2024	$ 1,150,000
2025	1,205,000
2026	1,360,000
2027	1,435,000
2028	1,490,000
2029	1,545,000
2030	1,600,000
2031	1,660,000
2032	1,725,000
2033	1,795,000
2034	1,865,000
2035	1,940,000
2036	2,015,000
2037	2,100,000
Total	$ 22,885,000

Series 2009 Build America Bonds (BABs)

On September 9, 2009, the District issued $27,000,000 in BABs with an average interest rate of 6.345% and a maturity of 28 years. This issue is comprised of both current interest serial bonds, par value $5,460,000, and term bonds, par value $21,540,000. These bonds are subject to early redemption as described below. The final stated maturity on the 2009 BABs is December 1, 2037. These bonds will be retired from the debt service fund. The District receives a direct payment subsidy from the United States Treasury equal to thirty-five percent of the corresponding interest payments due on the BABs. The District records this subsidy from the federal government in the debt service fund.

The general obligation bonds were issued with a premium of $574,021, which was reported as an increase to bonds payable in the current fiscal year. The amounts are being amortized as interest expenses over the life of the bonds using the straight-line method, which is not significantly different than the bonds outstanding or the effective interest methods. The amortization for June 30, 2011 was $20,501. Bond issuance costs associated with the issuance of these bonds totaled $467,880. This amount is being amortized over the life of the bonds and during the current fiscal year $16,710 was expensed as interest.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The BABs are subject to optional redemption, extraordinary optional redemption and mandatory sinking fund redemption as follows:

Optional Redemption - the BABs maturing on or after December 1, 2018 are subject to prior redemption by and at the sole option of the District, either in whole or in part, on any date on or after December 1, 2017, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date.

Extraordinary Optional Redemption - the BABs are also subject to redemption prior to maturity by and at the sole option of the District, either in whole or in part on any date at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, in the event that the BAB Direct Payments cease or are reduced.

Mandatory Sinking Fund Redemption - the BAB term bonds mature on December 1, 2021, December 1, 2023, December 1, 2029 and December 1, 2037 in the amounts of $1,395,000, $1,555,000, $5,960,000 and $12,630,000, respectively. The BAB term bonds are subject to mandatory sinking fund redemption as follows:

Year	Mandatory Sinking Fund Redemption
2020	$ 680,000
2021	715,000
2022	755,000
2023	800,000
2024	840,000
2025	895,000
2026	955,000
2027	1,025,000
2028	1,085,000
2029	1,160,000
2030	1,235,000
2031	1,320,000
2032	1,415,000
2033	1,515,000
2034	1,620,000
2035	1,700,000
2036	1,855,000
2037	1,970,000
Total	$ 21,540,000

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Series 2009 BQ Bonds

On June 29, 2009, the District issued $9,599,995 Series 2009A general obligation bonds. The proceeds of the bonds were used to construct, remodel and improve District buildings and facilities. The bonds were issued for a 29 year period with final maturity at December 1, 2037. The bond issue consists of serial and capital appreciation bonds. These bonds are not subject to early redemption. These bonds will be retired from the debt service fund.

The general obligation bonds were issued with a premium of $389,037, which was reported as an increase to bonds payable in fiscal year 2009. The amounts are being amortized as interest expenses over the life of the bonds using the straight-line method, which is not significantly different than the bonds outstanding or the effective interest methods. The amortization for June 30, 2011 was $12,968.

The capital appreciation bonds mature December 1, 2016, 2017, and 2018. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as an increase in long-term liability. The maturity amount of the bonds is $840,000.

Series 2007 School Improvement Refunding General Obligation Bonds

On February 6, 2007, the District issued $9,169,993 refunded general obligation bonds. The proceeds of the bonds were used to advance refund $9,170,000 of the District’s outstanding Series 1998 School Improvement bonds. The bonds were issued for an 18 year period with final maturity at December 1, 2022. The bond issue consists of serial and capital appreciation bonds. These bonds are not subject to early redemption. These bonds will be retired from the debt service fund.

At the date of the refunding, $9,525,029 (including premium and after underwriting fees) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. As of June 30, 2011, $8,230,000 of these bonds is considered defeased.

These refunding bonds were issued with a premium of $536,241, which was reported as an increase to bonds payable in fiscal year 2007. The amounts are being amortized as interest expense over the life of the bonds using the straight-line method; the amortization for June 30, 2011 was $33,515. The issuance costs of $180,714 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method; the amortization for June 30, 2011 was $11,295. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of $355,029. This difference reported in the accompanying financial statements as a difference to bonds payable is being amortized as interest expense over the life of the bonds using the straight line method. The amortization of this difference for fiscal year 2011 was $22,189. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of $594,174. The issuance resulted in an economic gain of $444,217. Straight-line amortization has been used and is not significantly different than the bonds outstanding or the effective interest rates method.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

The capital appreciation bonds mature December 1, 2015 and 2016. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as an increase in long-term liability. The maturity amount of the bonds is $1,695,000.

Series 2006 School Improvement Refunding General Obligation Bonds

On June 1, 2006, the District issued $9,309,990 refunded general obligation bonds. The proceeds of the bonds were used to refund $7,960,000 of the District's outstanding 1998 and 1999 School Improvement bonds, and $1,350,000 of the outstanding 2000 School Improvement bonds. The bonds were issued for an 18 year period with final maturity at December 1, 2022. The bond issue consists of serial and capital appreciation bonds. These bonds are not subject to early redemption. These bonds will be retired from the debt service fund.

At the date of the refunding, $9,650,496 (including premium and after underwriting fees) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. As of June 30, 2011, $9,245,000 of these bonds is considered defeased.

These refunding bonds were issued with a premium of $540,179, which is reported as an increase to bonds payable. The amounts are being amortized as interest expenses over the life of the bonds using the straight-line method. The amortization for June 30, 2011 was $31,775. The issuance costs of $198,028 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization for June 30, 2011 was $11,649. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of $340,496. This difference reported in the accompanying financial statements as a difference to bonds payable; is being amortized as interest expense over the life of the bonds using the straight line method. The amortization of this difference for fiscal year 2011 was $20,029. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of $418,484. The issuance resulted in an economic gain of $306,718. Straight-line amortization has been used and is not significantly different than the bonds outstanding or the effective interest rates methods.

The capital appreciation bonds mature December 1, 2014 and 2015. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as an increase in long-term liability. The maturity amount of the bonds is $1,780,000.

Series 2001 Energy Conservation Improvement Bonds

During fiscal year 2001, the District issued $1,400,000 in energy conservation improvement bonds to provide for energy improvements to various District buildings. Principal and interest payments on the bonds are made from the debt service fund. The source of repayment is from energy savings associated with the improvements. The energy improvement bonds mature December 1, 2014.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Series 2001 Library Improvement Bonds

On June 18, 2001, the District issued $5,600,000 in general obligation library improvement bonds to finance improvements for the Ella M. Everhard Public Library (the “Library”) Project. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2022. These bonds will be retired from the debt service fund.

The issue is comprised of both current interest serial bonds, par value $2,495,000, current interest term bonds, par value $2,750,000, and capital appreciation bonds par value $355,000. The capital appreciation bonds mature on December 1, 2012, December 1, 2013, and December 1, 2014 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2012, December 1, 2013 and December 1, 2014 is $290,000, $285,000, and 290,000, respectively. Total accreted interest of $369,851 has been included in the statement of net assets at June 30, 2011.

See Note 16 for more information on the Library and it’s relationship to the District.

Series 2000 School Improvement Bonds

On April 18, 2000, the District issued $2,249,999 in general obligation school improvement bonds to finance various construction and renovation projects at the District. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated for the issue was December 1, 2022. These bonds will be retired from the debt service fund.

The issue was comprised of both current interest serial bonds, par value $2,155,000, and capital appreciation bonds par value $94,999. The serial bonds were refunded by the Series 2006 general obligation school improvement refunding bonds.

During fiscal year 2011, one of the capital appreciation bonds matured on December 1, 2010 at a maturity value of $105,000. At June 30, 2011, the remaining capital appreciation bonds mature on December 1, 2011 and December 1, 2012 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2011 and December 1, 2012 is $105,000 and $105,000, respectively. Total accreted interest of $128,918 has been included in the statement of net assets at June 30, 2011.

Series 1999 School Improvement Bonds

On May 12, 1999, the District issued $12,999,997 in general obligation school improvement bonds to finance various construction and renovation projects at the District. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated for the issue was December 1, 2022. These bonds will be retired from the debt service fund.

The issue was comprised of both current interest serial bonds, par value $3,750,000, current interest term bonds, par value $8,555,000, and capital appreciation bonds, par value $694,997. A portion of the serial bonds and all the term bonds were refunded by the Series 2006 general obligation school improvement refunding bonds. At June 30, 2011, the only remaining serial bond, in the amount of $595,000, is scheduled to mature December 1, 2013.

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

During fiscal year 2011, one of the capital appreciation bonds matured on December 1, 2010 at a maturity value of $540,000. At June 30, 2011, the remaining capital appreciation bonds mature on December 1, 2011 and December 1, 2012 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2011 and December 1, 2012 is $555,000 and $575,000, respectively. Total accreted interest of $598,061 has been included in the statement of net assets at June 30, 2011.

Series 1998 School Improvement Bonds

On April 22, 1998, the District issued $14,749,986 in general obligation school improvement bonds to finance various construction and renovation projects at the District. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated for the issue was December 1, 2022. These bonds will be retired from the debt service fund.

The issue was comprised of both current interest serial bonds, par value $3,555,000, current interest term bonds, par value $10,915,000, and capital appreciation bonds, par value $279,986. A portion of the serial bonds and all the term bonds were refunded by the Series 2006 general obligation school improvement refunding bonds and the Series 2007 general obligation school improvement refunding bonds. At June 30, 2011, the only remaining serial bond, in the amount of $610,000, is scheduled to mature December 1, 2011. The capital appreciation bonds matured on December 1, 2007 and December 1, 2008.

Future Debt Service Requirements

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2011 are as follows:

Fiscal Year	General Obligation Bonds			Capital Appreciation Bonds		
Ending June 30	Principal	Interest	Total	Principal	Interest	Total
2012	$ 2,670,000	$ 4,446,022	$ 7,116,022	$ 262,226	$ 397,774	$ 660,000
2013	2,015,000	4,369,249	6,384,249	383,491	586,509	970,000
2014	2,770,000	4,298,645	7,068,645	116,762	168,238	285,000
2015	2,200,000	4,193,832	6,393,832	433,416	741,584	1,175,000
2016	1,695,000	4,127,452	5,822,452	637,967	1,102,033	1,740,000
2017 - 2021	14,185,000	19,137,242	33,322,242	1,104,140	1,265,811	2,369,951
2022 - 2026	16,410,006	15,199,950	31,609,956	-	-	-
2027 - 2031	14,970,000	11,296,395	26,266,395	-	-	-
2032 - 2036	19,180,000	6,079,940	25,259,940	-	-	-
2037 - 2038	9,180,000	592,703	9,772,703	-	-	-
Total	$ 85,275,006	$ 73,741,430	$ 159,016,436	$ 2,938,002	$ 4,261,949	$ 7,199,951

NOTE 13 - CAPITALIZED LEASE

During fiscal year 2010, the District entered into a lease-purchase agreement for the construction, furnishing and equipping two new elementary school buildings. The District is leasing the project site from Ohio School Building Leasing Corporation. Ohio School Building Leasing Corporation assigned Huntington National Bank as trustee, transferring rights, title and interest in the project to the trustee. The District is acting as an agent for the lessor, and is renovating the facilities from the proceeds provided by the lessor. As part of the agreement, Huntington National Bank deposited $15,000,000, with a fiscal agent for the renovation project. Huntington National Bank has sold Certificates of Participation in the building lease. The District will make annual lease payments to Huntington National Bank. The interest rate is 2.10%. The lease is renewable annually and expires in 2026. The intention of the District is to renew the lease annually.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2011:

Year Ending June 30	Amount
2012	$ 1,043,016
2013	1,051,225
2014	1,124,007
2015	1,120,685
2016	1,122,578
2017 - 2021	5,615,302
2022 - 2026	5,604,304
Total minimum lease payment	16,681,117
Less: amount representing interest	(2,391,117)
Present value of minimum lease payments	$ 14,290,000

NOTE 14 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended June 30, 2011, consisted of the following, as reported on the fund financial statement:

Transfers to general fund from:	Amount
Internal service fund	$ 814,379

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs account for in other funds in accordance with budgetary authorizations. All transfers made in fiscal year 2011 were in accordance with Ohio Revised Code Section 5705.14, 5705.15 and 5705.16.

The $814,379 transfer from the internal service fund to the general fund is a residual equity transfer as the District no longer operates a self-insurance program effective July, 2010.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

NOTE 14 - INTERFUND TRANSACTIONS - (Continued)

B. Interfund loans receivable/payable consisted of the following at June 30, 2011, as reported on the fund statement:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental funds	$ 47,556

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2011 are reported on the statement of net assets.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

Midland Council of Governments

The Midland Council of Governments is a jointly governed organization among twenty-two boards of education. The Council of Governments was formed to provide efficient and cost effective computer and data processing services to member boards. Financial support for the Council of Governments is provided by member fees levied according to the number of students within each member's respective district. The Executive Committee determines and sets the fees for all services.

Representation on the Midland Council of Governments consists of one member appointed by each member board of education. The representative shall be the superintendent, assistant superintendent or treasurer of the member district board of education. The Council of Governments is governed by the Executive Committee who is elected for two year terms except the position of fiscal agent superintendent which is a permanent appointment. The Executive Committee consists of seven members. The members are two superintendents, two treasurers, two members-at-large and the fiscal agent superintendent. During the year ended June 30, 2011, the District paid approximately $387,926 to Midland Council of Governments for basic service charges.

Four Cities Educational Compact

The Four Cities Educational Compact is a jointly governed organization among four boards of education. The compact was formed to provide a full range of career technical education opportunities for the students. Students from any of the four districts may participate in programs at all four districts. Operating costs are apportioned based on student placement. Wadsworth City School District is the fiscal agent for the Compact and has accounted for the financial activity of the Compact as an agency fund. The District also has received a federal grant on behalf of the Compact, which has been included on the Schedule of Receipts Expenditures of Federal Awards. The Administrative Board of the Compact is comprised of the superintendent from each district. Each superintendent serves a one year term as chairman on a rotating basis.

NOTE 16 - RELATED ORGANIZATIONS

The Ella M. Everhard Public Library (the "Library') is a related organization to the District. The school board members are responsible for appointing all the trustees of the Library; however, the school board cannot influence the Library's operation, nor does the Library represent a potential financial benefit or burden to the District. The District serves in a ministerial capacity as the tax authority for the Library. Once the Library determines to present a levy to the voters, including the determination to the rate and duration, the District must place the levy on the ballot. The Library may not issue debt and determines its own budget. The Library did not receive any funding from the District during fiscal year 2011. In 2000 the school board did place a levy on the ballot for the library. The purpose of this levy was to repay library renovation and expansion bonds. The total amount of bonds issued was $5,599,995. The electors of the District approved the levy. See Note 12 for additional disclosures regarding the bond issue.

NOTE 17 - PUBLIC ENTITY RISK POOL

Summit Regional Health Care Consortium

In July 2010, the District joined together with Barberton City School District, Copley-Fairlawn City School District, Norton City School District, and Revere Local School District to establish a regional council of governments, organized under Chapter 167 of the Ohio Revised Code, known as the Summit Regional Health Care Consortium (SRHCC) for the purpose of promoting cooperative agreements and activities among its members in purchasing supplies and services and dealing with problems of mutual concern. The members of the SRHCC have undertaken a Health Benefits Program on a cooperative basis for the provision of certain medical, hospitalization, dental, prescription drug, vision, life, and disability income benefits for their employees and the eligible dependents of those employees, and any other health care benefits which the members may determine. As part of this agreement, each member is required to share in the program costs by making monthly payments to cover the program costs. The Treasurer of the fiscal agent (Copley-Fairlawn City School District) serves as the Treasurer of the SHRCC and is responsible for coordinating and administering the Health Benefits Program.

The Health Benefits Program is governed by the Board of Directors of the SHRCC (Board), which consists of one designee by each member school district (with at least one Superintendent designee), and the representative of the fiscal agent or designee. The fiscal agent Treasurer and program consultant shall serve as non-voting members. The SRHCC representatives and the fiscal agent treasurer's representative shall serve a two-year term of office. The officers consist of a Chairperson and Vice-Chairperson who are elected for one year terms by the Board. The fiscal agent Treasurer shall be a permanent member of the Board and shall serve as the Recording Secretary.

In the event of withdrawal, members are entitled to recover its contributions to the SRHCC, if any, along with the proportionate share of interest earned on these contributions which are not encumbered for payment of its share of program costs. Claims submitted by covered persons of a withdrawing member after the recovery of funds will be exclusively the liability of the withdrawing member. Financial information for the SRHCC can be obtained from John Wheadon, Treasurer of the Copley-Fairlawn City School District at 3797 Ridgewood Road, Copley, Ohio 44321-1665.

NOTE 17 - PUBLIC ENTITY RISK POOL - (Continued)

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 18 - CONTINGENCIES

A. Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

B. Litigation

The District is not currently a party to any legal proceedings which would have a material impact on the financial statements.

C. Environmental Remediation

An underground storage tank containing used motor oil was discovered underneath the District's property during construction of the new high school. The District is currently assessing costs associated with the clean-up of this site, and such costs are not expected to have a material impact on the District's financial statements.

NOTE 19 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

NOTE 19 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,

(e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	General fund
Budget basis	$ (1,622,126)
Net adjustment for revenue accruals	(637,477)
Net adjustment for expenditure accruals	(4,429)
Net adjustment for other sources/uses	(225,959)
Funds budgeted elsewhere	51,351
Adjustment for encumbrances	663,338
GAAP basis	$ (1,775,302)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund, the uniform school supplies fund, the rotary fund, the adult education fund.

NOTE 20 - SET-ASIDES

The District is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. These amounts must be carried forward to be used for the same purposes in future years.

NOTE 20 - SET-ASIDES - (Continued)

The following cash basis information describes the change in the fiscal year-end set-aside amounts for textbooks and capital improvements. Disclosure of this information is required by State statute.

	Textbooks	Capital Improvements
Set-aside balance June 30, 2010	$ -	$ -
Current year set-aside requirement	750,808	750,808
Current year qualifying expenditures	(490,944)	-
Excess qualified expenditures from prior years	(3,481,389)	(500,069)
Prior year offset from bond proceeds	-	(250,739)
Total	$ (3,221,525)	$ -
Balance carried forward to fiscal year 2012	$ -	$ -
Set-aside balance June 30, 2011	$ -	$ -

The District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year.

The District had current year qualifying disbursements and prior year offsets from bond proceeds that reduced the capital improvements set-aside amount to zero. Since fiscal year 1998, the District has issued $113,419,927 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to zero. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was $113,169,188 at June 30, 2011.

NOTE 21 - CONTRACTUAL COMMITMENTS

As of June 30, 2011, the District had the following contractual commitments outstanding related to the Construction Project described in Note 12. A summary of the primary contractual commitments follows:

Contractor	Contract Amount	Amount Paid Through June 30, 2011	Remaining Contract Amount
Absolute Fire Protection	$ 214,500	$ -	$ 214,500
Barbicas Construction	99,027	9,899	89,128
Bob Bennett Construction Company	274,472	130,849	143,623
D&A Plumbing	977,140	-	977,140
Dunlop & Johnston, Inc.	11,685,890	-	11,685,890
Enertech Electrical	7,379,989	1,683,051	5,696,938
Feinman Mechanical, Inc.	503,619	-	503,619
Fire Foe Corporation	741,450	125,234	616,216
Foti Contracting	11,601,714	5,249,164	6,352,550
Gorman Lavelle Corporation	3,088,580	1,452,284	1,636,296
Hi-Tech Electric	1,893,000	-	1,893,000
Jackson & Sons Drilling	1,455,000	952,081	502,919
Jones & Associates Excavating	274,800	267,594	7,206
M. Campbell	2,663,273	2,560,347	102,926
Mull Iron	4,791,661	2,366,695	2,424,966
R.A.M.E.	4,480,189	1,057,352	3,422,837
The K Company	7,460,750	2,869,525	4,591,225
The Knoch Corporation	23,707,442	1,853,433	21,854,009
Vaughn Industries	4,463,000	50,200	4,412,800
Total	$ 87,755,496	$ 20,627,708	$ 67,127,788

NOTE 22 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

Fund	Year-End Encumbrances
General fund	$ 579,585
Building fund	14,844,485
Classroom facilities fund	55,432,734
Other governmental	186,113
Total	$ 71,042,917

NOTE 23 - SUBSEQUENT EVENT

The District passed a 4.9 mil operating levy on November 8, 2011. The levy will generate approximately $3 million per year.

WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/ *Pass Through Grantor/* Program Title	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through the Ohio Department of Education:			
Special Education Cluster			
Special Education - Grants to States	84.027	$37,887	$78,411
		724,764	705,556
ARRA - Special Education Grants to States, Recovery Act	84.391	202,327	271,023
		211,451	198,304
Total Special Education -Grants to States		1,176,429	1,253,294
Special Education - Preschool Grants	84.173	1,445	1,714
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	8,001	11,215
		-	7,868
Total Special Education - Preschool Grants		9,446	20,797
Total Special Education Cluster		1,185,875	1,274,091
Title I Grants to Local Educational Agencies	84.010	(23,808)	(11,686)
		259,536	231,935
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	46,403	58,512
		49,228	59,416
Total Title I Grants to Local Educational Agencies		331,359	338,177
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	-	103,862
		1,172,255	1,030,568
Total ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act		1,172,255	1,134,430
Safe and Drug-Free Schools and Communities-State Grants	84.186	-	34
Educational Technology State Grants	84.318	2,461	5,057
		101	275
Total Educational Technology State Grants		2,562	5,332
Improving Teacher Quality State Grants	84.367	16,785	20,869
		134,933	131,679
Total Improving Teacher Quality State Grants		151,718	152,548
Career and Technical Education - Basic Grants to States	84.048	55,489	67,819
		143,907	140,377
Total Career and Technical Education - Basic Grants to States		199,396	208,196
Total U.S. Department of Education		**3,043,165**	**3,112,808**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Ohio Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	408,113	408,113
Non-Cash Assistance		63,636	63,636
School Breakfast Program	10.553	68,435	68,435
Total Child Nutrition Cluster		540,184	540,184
Total U.S. Department of Agriculture		**540,184**	**540,184**
Totals		**$3,583,349**	**$3,652,992**

The accompanying notes are an integral part of this schedule.

WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports Wadsworth City School District, Medina County, Ohio, (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE D - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The District transferred the following amount from 2010 to 2011 program:

Program Title	CFDA Number	Amount Transferred from 2010 to 2011
Title I Grants to Local Educational Agencies	84.010	$ 23,808

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Wadsworth City School District
Medina County
360 College Street
Wadsworth, Ohio 44281

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wadsworth City School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 6, 2012, wherein we noted the District restated its governmental funds' fund balances due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 6, 2012.

We intend this report solely for the information and use of management, the Board of Education, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

Dave Yost

Dave Yost
Auditor of State

January 6, 2012

Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Wadsworth City School District
Medina County
360 College Street
Medina, Ohio 44281

To the Board of Education:

Compliance

We have audited the compliance of the Wadsworth City School District, Medina County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Wadsworth City School District, Medina County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated January 6, 2012.

We intend this report solely for the information and use of management, the Board of Education, others within the District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Dave Yost
Auditor of State

January 6, 2012

WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	➢ Special Education Cluster, CFDA 84.027, 84.391, 84.173 and 84.392; ➢ Title I Grants to Local Educational Agencies, CFDA 84.010 and 84.389; ➢ Child Nutrition Cluster, CFDA 10.555 and 10.553; ➢ State Fiscal Stabilization Fund, CFDA 84.394.
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

WADSWORTH CITY SCHOOL DISTRICT
MEDINA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2010-01	Material Weakness – Various financial statement errors relating to construction in progress, contracts payable, and program/general revenue were noted.	Partially Corrected	A similar comment relating to financial statement errors will be repeated in the management letter.

Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Wadsworth City School District
Medina County
360 College Street
Wadsworth, Ohio 44281

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Wadsworth City School District has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on December 13, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Dave Yost

Dave Yost
Auditor of State

January 6, 2012

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001
www.auditor.state.oh.us

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Dave Yost · Auditor of State

WADSWORTH CITY SCHOOL DISTRICT

MEDINA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 9, 2012

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.auditor.state.oh.us